

SALARY RETENTION INCIDENT TO REDUCTION IN GRADE

During 1958 the Congress enacted a new Salary Retention Act under which personnel who are reduced in grade may be permitted to hold for two years their full salaries earned just prior to demotion, unless the reductions exceed three grades. When a demotion exceeds three grades the amount of the salary to be retained is governed by a formula contained in the law. These salary retention provisions are not applicable when demotions are

- (1) due to personal cause,
- (2) at the employee's request, or
- (3) effected as a result of force reduction caused by lack of funds or curtailment of work.

The Act further provides that the new salary retention benefits may be granted only to personnel who have served for two continuous years immediately prior to demotion in the same department or agency and in the same or higher grades, and whose performance during ^{the} each period of two years ~~was~~ was satisfactory or better than satisfactory.

The provisions of the Salary Retention Act are not mandatory upon the Organization; however, salary retention principles set forth in the Act have been adopted by the Organization insofar as these principles are applicable to its salary administration policies and procedures.

The new salary retention policy aims to provide a financial cushion for employees who are reduced in grade through no fault of

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their own. In the Organization it is anticipated that this policy will generally be applicable to

- (1) the career reorientation of employees, when grade demotion incident to such reorientation is the appropriate step, and
- (2) the realignment of assignments as a result of changes in mission, function or organization.

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